

#071B4200074



Form No. DMB 234 (Rev. 1/96)
 AUTHORITY: Act 431 of 1984
 COMPLETION: Required
 PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 ACQUISITION SERVICES
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

November 21, 2006

CHANGE NOTICE NO. 1
TO
CONTRACT NO. 071B4200074
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Certified Document Destruction 300 West Chestnut Wauseon, OH 43567	TELEPHONE (800) 433-7876 Brian Dorosz
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 241-0684 Erica Vaillancourt
Contract Administrator: Dave Stevens Record Destruction, Zone 1 – 6, DMB-Statewide	
CONTRACT PERIOD: From: February 1, 2004 To: February 1, 2008	
TERMS .015% Discount if Paid Within 10 Days	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE(S):

Effective November 21, 2006, this Contract is hereby EXTENDED to February 1, 2008, and INCREASED by \$200,000.00. All other terms, conditions, specifications, and pricing remain the same. NOTE: Buyer is changed to Erica Vaillancourt (517) 241-0684.

AUTHORITY/REASON:

Per agency request (AS-1 dated 10/6/06), Ad Board approval on 11/8/06 and DMB/Purchasing Operations.

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$595,805.00

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

December 2, 2003

NOTICE
TO
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between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Certified Document Destruction 300 West Chestnut Wauseon, OH 43567	TELEPHONE (800) 433-7876 Brian Dorosz
	VENDOR NUMBER/MAIL CODE
	BUYER (517) 373-8622 Maritza Garcia-Strong
Contract Administrator: Dave Stevens Record Destruction, Zone 1 – 6, DMB-Statewide	
CONTRACT PERIOD: From: February 1, 2004 To: January 31, 2007	
TERMS .015% Discount if Paid Within 10 Days	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

The terms and conditions of this Contract are those of ITB #071I3000229, this Contract Agreement and the vendor's quote dated September 5, 2003. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: **\$395,805.00**

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

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F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		
MISCELLANEOUS INFORMATION: The terms and conditions of this Contract are those of ITB #071I3000229, this Contract Agreement and the vendor's quote dated September 5, 2003. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence. Estimated Contract Value: \$395,805.00		

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the **ITB No. 071B3000229**. A Purchase Order Form will be issued only as the requirements of the Department of Management & Budget are submitted to Acquisition Services. Orders for delivery may be issued directly by the **Department of Management & Budget** through the issuance of a Purchase Order Form.

All terms and conditions of the invitation to bid are made a part hereof.

FOR THE VENDOR:	FOR THE STATE:
Certified Document Destruction	
_____ Firm Name	_____ Signature Jeffrey White, Buyer Manager
_____ Authorized Agent Signature	_____ Name
_____ Authorized Agent (Print or Type)	Tactical Purchasing, Acquisition Services
_____ Date	_____ Title
	_____ Date



Price Sheet – Confidential Destruct Program Only

A. For Ingham, Eaton & Wayne Counties (Zone 1):

Item	Unit	Description	Unit Price
1	LBS	Pick-up and destruction of Confidential Records in lots exceeding 1 ton, (2,000#) in weight. (est. 14% by volume)	Lb. .04
2	LBS	Pick-up and destruction of Confidential Records in lots weighing between 500# and 1 ton (2,000#). (est. 46% by volume)	Lb. .055
3	LBS	Pick-up and destruction of Confidential Records in lots weighing less than 500 lbs. (est. 40% by volume) Minimum Charge	\$32.50
4	LBS	Pick-up and destruction of other non-paper media such as magnetic tape, video tapes, driver licenses, uniforms, microfiche, etc.	Lb. .18
5	EA	Container Lease per month	\$ 0

B. Pricing for facilities not located within Eaton, Ingham and Wayne counties (for Zone(s) 2-7).

Agencies outside the three counties, listed above, are not under contractual obligation to use this contract. State of Michigan facilities not located within Eaton, Ingham and Wayne counties, who choose to use the contract and are within the contractor's standard service areas and can be picked up in conjunction with regularly scheduled service may be accommodated. The attached map has been broken down into seven (7) zones.

Zone	Item	Stop Charge if applicable	Unit Price per pound
2	Minimum Stop Charge (per each if applicable) & price per pound	\$ 32.50	\$.05
3	Minimum Stop Charge (per each if applicable) & price per pound	\$ 55.00	\$.05
4	Minimum Stop Charge (per each if applicable) & price per pound	\$ 55.00	\$.05
5	Minimum Stop Charge (per each if applicable) & price per pound	\$ 75.00	\$.05
6	Minimum Stop Charge (per each if applicable) & price per pound	\$ 75.00	\$.05
7	Minimum Stop Charge (per each if applicable) & price per pound	\$ N/A	\$ N/A

QUICK PAYMENT TERMS

.015% discount on invoice if paid within 10 days

**I-A REQUIRED INFORMATION****A. COMPANY INFORMATION****1. CAPABILITIES**

Company of Dorosz and Drummer, Inc.
DBA: Certified Document Destruction
300 W. Chestnut
Wauseon, Ohio 43567

Operates as a Sub S Corporation in Ohio. Licensed to operate in the State of Michigan.
No Subcontractors or Subordinate elements to be used.
CDD currently services this contract for destruction.

- a. Certified Document Destruction has been involved in the destruction of corporate and governmental information for over 20 years. CDD currently services a customer base of over 600 accounts throughout Ohio, Michigan and Indiana.
- b. Sales Volume for fiscal year
 - 2002- \$2,447,345
 - 2001- \$2,073,132
 - 2000- \$1,970,870
 - 1999- \$1,888,721
 - 1998- \$1,637,510
- c. Size of facility is 40,000 sq. ft. and is located at
300 W. Chestnut St. Wauseon, Ohio

2. PRIOR EXPERIENCE

CDD was asked to take over the current contract effective February 1, 2001. It is relevant that despite the short notice, we placed 200 locking containers and were regularly servicing all locations that same month. CDD also effectively incorporated Microsoft Excel spreadsheet for monthly billing utilizing all SOM billing codes and quantities for all locations.

Some project descriptions and references would include:

Sent crews to carry out and load several thousand boxes for destruction in March 2003.
(Example of special project)

John Dey Armond
989-895-4037
Bay County
515 Center Ave.
Bay City, Michigan 48708

Picked up and destroyed eight Semi loads of Lottery tickets. (Example of bulk destruction)



Duane Miller
216-787-3262
Ohio Lottery
615 W. Superior Ave.
Cleveland, Ohio 44113

Serviced Key Bank branches throughout Ohio and Indiana for eight years. (Example of regularly scheduled route service)

Diane Bernhart
574-784-2352
Key Bank
222 S. Michigan
Lakeville, Indiana

3. **STAFFING AND SUB-CONTRACTORS**

a. Staffing

Brian Dorosz- VP/Sales & Finance

-Responsible for contract administration

Danielle Tedrow- Administrative Asst./Operations

-Responsible for routing and scheduling

Amanda Hitt- Administrative Asst./Sales

-Responsible for customer service and invoicing

Quinn Frank- Operations Manager

-Responsible for materials processing

All personnel located at 300 W. Chestnut, Wauseon, Ohio

b. No sub-contractors will be used

4. **SECURITY**

Our facility is authorized personnel only, fully alarmed, with perimeter fencing. All drivers are uniformed with picture ID's. Current driver has SOM picture ID. Background checks on all employees are done by Fulton County Sheriff's Department through computer database, and are kept on file. All employees are full time with benefits and profit sharing. No day labor or agency temps are used. As CDD is the current vendor, we have already had the initial SOM security audit performed by an independent agent. We have also successfully completed multiple audits through the DMB and Treasury Department. We currently have SOM confidentiality agreements signed and on file for all employees. All trucks are equipped with cellular phones so that in the event of any mechanical problems, materials would never be left unattended. Trucks are maintained on a regular basis, and replaced every four years. Trucks are kept locked at all times and all drivers are bonded and random drug tested. Upon arrival at facility, all materials are processed within 24 hours.

**B. PRODUCT QUALITY****1. SPECIFICATIONS**

All materials are destroyed by hammermill pulverization into small irregular shaped pieces which are completely unreconstructible. CDD meets or exceeds all particle size requirements. Pulverized pieces are augured to mix and deliver them to baling system which presses them into 1800 lb. solid bales.

Magnetic media is physically destroyed by grinding, no magnetic erasure or degaussing is used. Microfilm and fiche is ground into minute particles.

All materials are weighed on a state certified digital ticket scale. Weight tickets are attached to individual location certificates of destruction. The numbered certificates of destruction are individually invoiced by location and date with SOM billing codes on monthly invoice.

2. RESEARCH AND PRODUCT DEVELOPMENT

CDD has the ability to invest in new product development. We have developed our own system for destruction utilizing hydraulic dumpers and automatic feed belts to improve efficiency. We also fabricate our own locking systems on our containers.

3. QUALITY ASSURANCE PROGRAM

We schedule quarterly safety and security meetings with employees to maintain and reinforce the quality of our service.

4. WARRANTY/SERVICE

CDD takes contractual responsibility for the confidentiality of all materials we process

5. EQUIPMENT

The equipment used in the destruction process includes:

- Bryant-Poff Model Hammermill
- 56" 200 hp- 4 tons per hour output
- 20 years old in excellent condition

- Custom Design- Gilson Screen Hammermill
- 84" 400 hp-9 tons per hour output
- 20 years old in excellent condition

- American Baler Horizontal- Auto Tie-Model 3029730R- 30 hp
- 7 tons per hour output
- 7 years old in excellent condition

The equipment used in transportation includes:

- 9 Freightliners (24 ft. bed box trucks equipped with lift tailgates and cellular phones)
- 2 Semi tractors
- 25 Semi trailers

All trucks are on preventative maintenance programs and replaced every 4 years.

**C. SERVICE****1. ORDERING/CUSTOMER SERVICE**

CDD can receive orders:

Electronically- cddinc@bright.net

Facsimile- 419-337-5698

Toll Free Phone- 800-433-7876

Currently, many locations are on regularly scheduled route service. Upon requesting service by either calls to our toll free phone, fax, or letter, other locations will be picked within 48 hrs in Ingham, Eaton, and Wayne counties.

Danielle Tedrow is assigned as customer service representative for SOM, and is available daily. Internal controls would include a database of contact persons at each location, with billing codes.

2. TRAINING

CDD is available to assist in any training regarding our services or ordering as requested.

3. REPORTING

We currently provide month end invoicing with volumes, pick-ups by location and date, with all billing codes.

We provide monthly environmental reports based on volumes showing environmental impacts.

We log and are able to provide service compliance reports.

4. SPECIAL PROGRAMS

We have assisted SOM with various special programs such as providing boxes at n/c for departmental moves.

We have done special projects for FIA in routing many locations and providing separate billing to meet their needs.

We have and are willing to provide any special services whenever possible that helps meet SOM's needs.

I-B WORK STATEMENT- CONFIDENTIAL DESTRUCT PROGRAM**A. PURPOSE**

The purpose of this section of the ITB is to establish a contract to provide destruction of confidential records service for state offices. The contract shall run for three years with the option for two (2) each one (1) year extensions. The majority of records to be destroyed will be paper, however, some will be other media such as magnetic tape, computer disks, microfiche, uniforms, etc. Offices within the Counties of Eaton, Ingham and Wayne will receive pick-up service of records within 48 hours of notification. All other counties in the Lower Peninsula will receive pick-up service as scheduled by the vendor; however, this service will not exceed 30 calendar days. Service for the Upper Peninsula, if not available at this time, may be reviewed for service at a later date. Destruction of all records will occur within 24 hours following pick-up from State facilities.



Following destruction of paper documents, the Contractor will be required to furnish all recyclable scrap paper generated through this process for manufacture into recycled paper or products or products containing post-consumer waste paper.

1. Definition of a Confidential Record:

Any document containing information, which could lead to an identification of an individual such as, but not limited to:

Name
Address
Telephone number
Social security number
Driver license number
Case or client identification number

2. Reason the State is disposing of these records:

Expiration of a record's retention period or a record has been transferred to another media, such as microfilm.

3. Requirement for the Contractor to separate for recycling, the scrap paper generated from the destruction of records under this Contract, for which a viable market exists, and to report to the Contract Administrator, the volume of paper recycled, by category. This report shall be submitted monthly and shall include monthly, as well as year-to-date totals. The reporting period shall coincide with the State's fiscal year period (October 1 through the following September 30). The Contract Administrator shall receive the report no later than the tenth working day following the end of each month of service. The Contractor shall also submit a fiscal year end summary of recycling activity by October 15 of each calendar year.

B. VOLUME DETAIL

Based on statistics reported for the period May 2002 to April 2003, the following information is provided in order to give the Contractor a perspective of the volume of materials to be destroyed and the scope of services required.

The existing State of Michigan Confidential Records Destruction Program processed 1599 requests for destruction of 2,567,491 pounds of material during this period. Included in the total volume were 631 requests (40%) for destruction in lots weighing less than 500 pounds, 738 request (46%) in lots weighing between 500 pounds and 2,000 pounds and 230 request (14%) in lots weighing 2,000 pounds or more.

The quantities listed above are for information purposes and neither obligates nor limits the State to generate either a minimum or maximum volume of material during the term of the Contract. The Contractor will be obligated to process all material either picked up or delivered directly to him/her, in accordance with the terms and conditions of the resulting Contract.

C. TASK

1. Contractor Responsibilities

a. The Contractor will be required to destroy confidential records generated by State of Michigan agencies and to report the volume as described in this Contract.



Except for the Department of Treasury, shredding is an acceptable method of destruction for paper records. **The method of destruction of paper records for Treasury will be performed by pulverization (see Treasury Confidentiality section G-3).**

Included in this service is the requirement for the Contractor to furnish the recyclable scrap paper generated through the destruction of these confidential records, for remanufacture into recycled paper. Destruction is defined as rendering documents to unrecognizable conditions, with a finished size not to exceed 5/8" strips or pieces. This service must be performed on the Contractor's premises. "Pulping" is not an acceptable means of destruction for the purpose of this Contract.

The method of destruction of non-paper items such as clothing (uniforms) shall be by incineration (fire). Other media must be grinded to dust and physically destroyed.

b. Destruction shall be completed within 24 hours (one work day) of receipt of material, except in circumstances where a State agency makes prior arrangements to witness the destruction process.

c. The Contractor will be required to operate a facility in which the security and confidentiality of all materials received for destruction is assured at all times. The Contractor will be required to provide with the monthly invoices a '**Affidavit of Destruction**' which will indicate the department and agency for which the destruction was performed, the date of the destruction, the number of boxes, items destroyed and the signature of the individual who performed the destruction.

d. If required, the Contractor shall furnish all mobile carts, wire cages, Gaylord boxes, etc., needed for this Contract. Mobile carts, wire cages, and Gaylord boxes shall be clearly marked that they are the property of the Contractor. The Contractor shall not accept material in mobile carts, wire cages, or Gaylord boxes which are not the property of the Contractor. If there will be an additional charge for containers used or required by the State such charges shall be identified by the bidder, and included as an attachment to the price page of this document. All charges for containers will be included in the evaluation of the price quotation by a bidder.

e. The Contractor will be required to pick up material upon receipt of requests by State agencies located in Ingham, Eaton, and Wayne counties, and other locations as agreed. Pick ups shall be completed within 48 hours (two work days) of notification, or according to established delivery schedules. An agency may, through mutual agreement, allow the Contractor additional time.

f. The Contractor will be required to make pick-ups during normal operating hours. The Contractor shall not disrupt normal operations of an office. In the event that equipment is needed to accomplish a pick up (wheeled hand trucks, mobile carts, pallet lifts, etc.), that equipment shall not cause damage to the floors, carpeting, walls, doorways or office equipment at a location. The Contractor shall furnish all equipment.

g. The Contractor will be permitted to access a minimum charge if that charge is included in his proposal and is formulated in such a manner that can be computed in the bid price.



- h. The Contractor will be required to accept request for services in writing, by e-mail, telephone or by facsimile transmission. The ability to accept such request and the manner for submission of each type of request, by a State agency, shall be included in this proposal. The Contractor shall provide an 800-telephone number, or accept collect calls, if long distance or toll calls are required in order for an agency to request service under this Contract. The Contractor upon requests by all agencies served, provide forms to be used for the processing of request for service.
- i. The Contractor will be responsible for providing the means for State agency personnel to deliver and/or witness the destruction of confidential records, with prior arrangements. There shall be no additional charge for this service.
- j. The Contractor will be responsible for maintaining a record of each batch of records submitted for destruction and shall furnish an affidavit of destruction upon request.
- k. The Contractor will be responsible for submitting a detailed monthly invoice for service rendered. Each invoice shall be submitted to the Contract Administrator no later than the tenth working day of the month following the end of each month of service. Invoices shall include the following:
1. Agency name and address
 2. Date of pick up
 3. Date of destruction
 4. Quantity of material destroyed (the number of boxes, pallets, containers, etc.).
 5. Weight of the material destroyed.
 6. The name of the person who authorized the destruction.
 7. The requesting agency's complete Account Code (necessary for processing payment through the State's Michigan Administrative Information Network (MAIN) system.) This account code will be 63 alpha/numeric digits of data in 12 fields.
- l. The Contractor will be required to report the volume of confidential records destroyed and the volume of paper or by-product recycled. This report shall be submitted monthly and include year-to-date figures. The reporting period shall coincide with the State's fiscal year period (October 1 through September 30). Each report shall be submitted to the Contract Administrator no later than the tenth working day of the month following the end of each month of service. The Contractor shall also provide a year-end summary of record destruction activity no later than October 15 of each calendar year.
- m. The Contractor shall use State Certified scales throughout the terms of the Contract. Proof of certification of scales must be provided prior to the Contract award.
- n. Charges for destruction service must be based on the weight of the material destroyed. The weight of pallets and containers must be deducted from the chargeable weight as report on invoices and required reports.
- o. In addition to paper, the Contractor must provide for destruction of records on other forms of media. Periodically destruction of magnet data tapes, computer disks, microfiche, or other forms of media used for retention of records, is required. They must also provide for the destruction of clothing such as police uniforms, etc. Any additional charges for destruction of these materials must be indicated on the price page, or attachment thereto.



2. State of Michigan Responsibilities

- a. The State will be responsible for furnishing confidential records to the Contractor for destruction.
- b. The Contract Administrator will prepare annual reports required by law, based on information reported by the Contractor under the Project Control and Reports clause.
- c. At the Contract Administrator's discretion, periodic site inspections of the Contractor's processing facility will be conducted, throughout the duration of the Contract for the purpose of monitoring the operation and verification of work performed under the resulting Contract.
- d. The Contract Administrator will authorize payment monthly for services provided during that period.

D. SECURITY ISSUES

The Contractor must certify that all materials handled and processed will be kept confidential and that disposal of all waste will be conducted in a manner, which assures the strict security and confidentiality of all materials. The Contractor's processing site must be secure. All material received from the State must be stored indoors and be restricted from access by persons without authorization. The response to the ITB must address this issue with an explanation of how confidentiality will be maintained. The State may conduct a site inspection of the Contractor's facilities prior to award of a Contract and periodical site inspections and audits thereafter.

E. DIRECT DELIVERY OF MATERIALS AND WITNESS OF DESTRUCTION BY STATE AGENCIES

State agencies may need to deliver confidential records directly to the Contractor and witness their destruction. In those instances, prior arrangements will be made. State owned or privately owned vehicles may be used. The Contractor shall provide daily access to their facility and unloading of material.

F. PROJECT CONTROL AND REPORTS

1. Project Control

- a. The Contractor will carry out this project under the direction and control of the Department of Management and Budget.
- b. Although there will be continuous liaison with the Contractor, the Contract Administrator will meet semi-annually, as a minimum with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c. The Contractor will submit brief written summaries of progress, which outline accomplishments, problems, which may have arisen, and their resolution, other pertinent information, with each monthly statistical report. A summary of the annual activities shall also be included with the annual statistical report submitted at the end of each fiscal year.



2. Reports

The Contractor shall furnish detailed reports to the Contract Administrator monthly and at year-end. Monthly reports shall be received by the tenth (10th) working day following the end of each month and by October 15 of each calendar year, following the State's fiscal year end. Annual reporting periods shall be from October 1 through September 30.

Individual reports shall include information on the volume of confidential records destroyed, by weight, and the volume of scrap paper by weight process for recycling during the applicable period. Reports shall also be submitted for the volume of paper recycled, by category. Monthly reports shall include totals for the month as well as year-to-date detail. The State will review proposed reports submitted by the successful bidder and inform him/her of necessary changes, if required. The State reserves that right to request a change in format and information throughout the term of the Contract period.

G. INSPECTIONS AND AUDITS

The IRS and the DMB Contract Administrator shall have the right to send its officers and employees into the offices and plants of the contractor for inspection and audits of the facilities and operations provided for the performance of any work under this contract. On the basis of such inspection, specific measures may be required in cases where the contractor is found to be noncompliant with contract safeguards.

Michigan Department of Treasury Special Requirements

Confidentiality – Michigan Department of Treasury

The information in this sub-heading applies to the Department of Treasury.

In performance of this contract, the contractor agrees to comply and assume responsibility for compliance by his/her employees with the following requirements:

1. All work shall be performed under the supervision of the contractor or the contractor's responsible employees.
2. Any return or return information made available shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Disclosure to anyone other than an officer or employee of the contractor shall be prohibited.
3. Any return or return information made available shall be destroyed through a process known as "**pulverization**" which reduces the information into unreconstructible fragments suitable for subsequent recycling. **Shredding is not acceptable.**
4. No work involving Michigan or federal tax information furnished under this contract will be subcontracted without the prior written approval of the Michigan Department of Treasury and the Internal Revenue Service.
5. The contractor will maintain a list of employees authorized access. Such list will be provided, upon request, to the Michigan Department of Treasury or IRS (Internal Revenue Service) reviewing office.



6. The contractor will require each employee to sign the attached Confidentiality Agreement as a condition to securing employment. A copy of said Agreement shall be maintained by the contractor and renewed annually.
7. The agency will have the right to void the contract if the contractor fails to provide the safeguards described above.

Criminal/Civil Sanctions

Any Michigan Department of Treasury or federal tax returns or tax return information made available, which also includes information marked “**Official Use Only**,” shall be used only for the purpose of carrying out the provisions of this contract, and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract.

The Michigan Department of Revenue Act, P.A. 122 of 1941, being section 28(1)(f), makes all information gained in administering taxes confidential, except as otherwise provided in the Act. The Act holds a vendor, contractor or subcontractor who sells a product or provides a service to the Michigan Department of Treasury and/or has access to confidential tax information to the strict confidentiality provisions of the Act. Confidential provisions apply to anyone connected with administering Michigan tax law. This includes employees or officials of any business that provide goods or services to the Michigan Department of Treasury. Confidential tax information includes, but is not limited to, information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department.

Michigan and Federal Penalties

Michigan Penalties

The Michigan Revenue Act (P.A. 122 of 1941, as amended) imposes criminal penalties up to \$5,000 and/or imprisonment for 5 years, plus costs, if it found that an employee has intentionally accessed or browsed Michigan tax returns and tax return information and/or disclosed the contents of return information. Further, this provision prohibits a person from willfully inspecting (browsing) any return or tax return information contained in a return. Inspection (browsing) is defined as examining a return or return information acquired by a person or another person without authorization and without a need to know the information to perform their official duties.

Federal Penalties

Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000 or imprisonment for as long as five years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized future disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000 with respect to each instance of unauthorized disclosure. These penalties are prescribed by IRC Sections 7213 and 7431 and set forth at 26 CFR 301.6103(n).



Inspection by or disclosure to anyone without an official need to know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as \$1,000.00 or imprisonment for as long as 1 year, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized inspection or disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount equal to the sum of the greater of \$1,000.00 for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful inspection or disclosure or an inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of the action. These penalties are prescribed by IRC section 7213A and 7431.

Additionally, it is incumbent upon the contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(l)(1), which is made applicable to contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a contractor, who by virtue of his/her employment of official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.

The IRS (Internal Revenue Service) amended IRC 7431 to provide an expanded cause of action for civil damages for unauthorized inspections as well as disclosures of returns or return information. The IRS must notify the affected taxpayer if a federal or state employee or vendor, contractor, subcontractor or an official or employee of such person is criminally charged under either of the above IRC sections. The injured taxpayer may bring civil action within 2 years against the United States and against the employer of contractor. The penalty is \$1,000 or actual damages sustained by the taxpayer.



SECTION II - GENERAL CONTRACT PROVISIONS

II-A GENERAL

The Contract is for [RECYCLING SERVICES](#) for the State of Michigan. Exact quantities to be purchased are unknown, however the Contractor will be required to furnish all such materials and services as may be ordered during the CONTRACT period. Quantities specified if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities. Orders for delivery will be issued directly to the Contractor by various State Agencies on the Purchase Order Contract Release Form.

The Contract(s) awarded from this solicitation will be a Unit Price Contract.

Attached is a listing of State agencies and/or locations who may order from the Contract. The listing shall not limit participation of additional agencies/locations as the need may develop at the same prices, terms and conditions. Orders may also be issued by local units of government (see attached Non-State Agency Statement)

II-B ISSUING OFFICE

The Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for the [Department of Management and Budget](#), hereinafter known as [DMB](#). Where actions are a combination of those of Acquisition Services and the State agencies, the authority will be known as the State.

Acquisition Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the commodities and/or services described herein. Acquisition Services is the only office authorized to change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of the Contract. Acquisition Services will remain the **SOLE POINT OF CONTACT** throughout the procurement process. All communications covering this procurement must be addressed to:

Department of Management and Budget
Acquisition Services
[Attn: Maritza Garcia-Strong](#)
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
[Phone: \(517\) 373-8622](#)
[Email: Garcia-strongm@michigan.gov](mailto:Garcia-strongm@michigan.gov)

II-C CONTRACT ADMINISTRATOR

Upon receipt at Acquisition Services of the properly executed Contract Agreement(s), the person named below will be allowed to administer the Contract on a day-to-day basis during the term of the Contract. However, administration of the Contract implies no authority to change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Acquisition Services. The Contract Administrator for this project will be:

Dave Stevens
DMB, Tenant & Land Services
530 W. Allegan
Lansing, MI 48909
[Email: Stevensd1@michigan.gov](mailto:Stevensd1@michigan.gov)
[Phone: \(517\) 373-2107](tel:(517)373-2107)

**II-D CONTRACT TERM**

The term of this Contract will be 3 (three) years and will commence with the issuance of a Contract. This will be [February 1, 2004](#) through [January 31, 2007](#). At the sole option of the State, the Contract may be extended for up to 2 (two) additional years. Contractor performance, quality of products, price, and the Contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to extend the Contract.

II-E ENTIRE AGREEMENT AND ORDER OF PRECEDENCE

The following documents constitute the complete and exclusive agreement between the parties. The following order of precedence shall apply (in descending order):

- A. Any contract resulting from the State's ITB No. [07113000229](#).
- B. Any addenda to that ITB.
- C. The Contractor's response to that ITB.

The State of Michigan shall not be bound by any part(s) of the bidder's response to the ITB which contains information, options, conditions, terms, or prices neither requested nor required in the ITB. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the Contractor, those of the State take precedence. The contract supercedes all proposals or other prior agreements, oral or written, and all other communications between the parties relating to this subject.

II-F NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term or any other term of the Contract.

II-G REVISIONS, CONSENTS, AND APPROVALS

The Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

II-H SEVERABILITY

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

II-I SURVIVOR

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of the Contract for any reason.

II-J GOVERNING LAW

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

**II-K RELATIONSHIP OF THE PARTIES (INDEPENDENT CONTRACTOR)**

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

II-L HEADINGS

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

II-M INCURRING COSTS

The State of Michigan is not liable for any cost incurred by the Contractor prior to signing of the Contract. The State fiscal year is October 1st through September 30th. The Contractor(s) should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.

II-N NEWS RELEASES

News releases (including promotional literature and commercial advertisements) pertaining to the ITB and Contract or project to which it relates shall not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the ITB and Contract are to be released without prior written approval of the State and then only to persons designated.

II-O CONTRACTOR RESPONSIBILITIES

The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve subcontractors and to require the Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract. Any change in subcontractors must be approved by the State, in writing, prior to such change.

II-P PERFORMANCE REVIEWS

Acquisition Services in conjunction with [DMB](#) may review with the Contractor their performance under the Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Contractor's past performance with the State. Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.

Upon a finding of poor performance, which has been documented by Acquisition Services, the Contractor shall be given an opportunity to respond and take corrective action.



If corrective action is not taken in a reasonable amount of time as determined by Acquisition Services, the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

II-Q AUDIT OF CONTRACT COMPLIANCE

The Contractor agrees that the State may, upon 24-hour notice, perform an audit at Contractor's location(s) to determine if the Contractor is complying with the requirements of the Contract. The Contractor agrees to cooperate with the State during the audit and produce all records and documentation that verifies compliance with the Contract requirements.

II-R SAFETY AND ACCIDENT PREVENTION

In performing work under this Contract on State premises, the Contractor shall conform to any specific safety requirements contained in the Contract or as required by law or regulation. The Contractor shall take any additional precautions as the State may reasonably require for safety and accident prevention purposes. Any violation by the Contractor of such safety requirements, rules, laws or regulations shall be a material breach of the Contract subject to the cancellation provisions contained herein.

II-S WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

In performing services for the State pursuant to this Contract, the Contractor shall comply with Department of Civil Service Rules 2-20 regarding Workplace Safety and 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service Regulations governing workplace safety and discriminatory harassment and any applicable state agency rules on these matters that the agency provides to the Contractor. Department of Civil Service Rules and Regulations can be found on the Department of Civil Service website at www.michigan.gov/mdcs.

II-T ASSIGNMENT

The Contractor shall not have the right to assign the Contract or to assign or delegate any of its duties or obligations under the Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Acquisition Services.

II-U DELEGATION

The Contractor shall not delegate any duties or obligations under the Contract to a subcontractor other than a subcontractor named and approved in the bid unless the Director of Acquisition Services has given written consent to the delegation.

II-V DISCLOSURE

All information in a bidder's proposal and the Contract is subject to the provisions of the Freedom of Information Act. 1976 Public Act No. 442, as amended, MCL 15.231, et seq.

II-W TAXES

- A. Sales Tax: For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.



- B. Federal Excise Tax: The State of Michigan may be exempt for Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to the Contractor upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.
- C. Contractors are expected to collect and pay all applicable federal, state, and local employment taxes for all persons involved in the resulting Contract. Also, bidders shall maintain appropriate payroll information on a system that can produce any reports that may be needed by Acquisition Services.

II-X PRICE ADJUSTMENTS

Prices quoted are firm for the entire length of the Contract.

II-Y ADDITIONAL PRODUCTS/SERVICES

The State reserves the right to add an item(s) that is not described on the item listing and is available from the Contract vendor. The item(s) may be included on the Contract, only if prior written approval has been granted by Acquisition Services.

II-Z CONTRACTOR'S LIABILITY INSURANCE

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether such services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract. The Contractor also agrees to provide evidence that all applicable insurance policies contain a waiver of subrogation by the insurance company.

All insurance coverages provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The Insurance shall be written for not less than any minimum coverage herein specified or required by law, whichever is greater. All deductible amounts for any of the required policies are subject to approval by the State.

The State reserves the right to reject insurance written by an insurer the State deems unacceptable.

BEFORE THE CONTRACT IS SIGNED BY BOTH PARTIES OR BEFORE THE PURCHASE ORDER IS ISSUED BY THE STATE, THE CONTRACTOR MUST FURNISH TO THE DIRECTOR OF ACQUISITION SERVICES, CERTIFICATE(S) OF INSURANCE VERIFYING INSURANCE COVERAGE. THE CERTIFICATE MUST BE ON THE STANDARD "ACCORD" FORM. THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING. All such Certificate(s) are to be prepared and submitted by the Insurance Provider and not by the Contractor. All such Certificate(s) shall contain a provision indicating that coverages afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget.



Such NOTICE must include the CONTRACT NUMBER affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909.

The Contractor is required to provide the type and amount of insurance checked (☑) below:

- ☑ 1. Commercial General Liability with the following minimum coverages:

\$2,000,000 General Aggregate Limit other than Products/Completed Operations
\$2,000,000 Products/Completed Operations Aggregate Limit
\$1,000,000 Personal & Advertising Injury Limit
\$1,000,000 Each Occurrence Limit
\$500,000 Fire Damage Limit (any one fire)

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED on the Commercial General Liability policy.

- ☑ 2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSURED on the vehicle liability policy.

- ☑ 3. Worker's disability compensation, disability benefit or other similar employee benefit act with minimum statutory limits. NOTE: (1) If coverage is provided by a State fund or if Contractor has qualified as a self-insurer, separate certification must be furnished that coverage is in the state fund or that Contractor has approval to be a self-insurer; (2) Any citing of a policy of insurance must include a listing of the States where that policy's coverage is applicable; and (3) Any policy of insurance must contain a provision or endorsement providing that the insurers' rights of subrogation are waived. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

- ☐ 4. For contracts providing temporary staff personnel to the State, the Contractor shall provide an Alternate Employer Endorsement with minimum coverage of \$1,000,000.

- ☑ 5. Employers liability insurance with the following minimum limits:

\$100,000 each accident
\$100,000 each employee by disease
\$500,000 aggregate disease

II-AA INDEMNIFICATION

A. General Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:



1. any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract.
2. any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
3. any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
4. any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
5. any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

B. Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.



C. Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in subclauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other subclause.

D. Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect not withstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

II-BB CONTRACT DISTRIBUTION

Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Acquisition Services.

II-CC ACCOUNTING RECORDS

The Contractor and all subcontractors shall maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on the Contract or extension thereof.

II-DD NON-DISCRIMINATION CLAUSE

In the performance of a Contract or purchase order, the Contractor agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental handicap or disability. The Contractor further agrees that every subcontract entered into for the performance of any Contract or purchase order resulting herefrom will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2201, et seq, and the Persons With Disabilities Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, et seq, and any breach thereof may be regarded as a material breach of the Contract or purchase order.

II-EE CANCELLATION

The State may cancel this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents, and employees for any of the following reasons:

1. Material Breach by the Contractor. In the event that the Contractor breaches any of its material duties or obligations under the Contract, which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the



State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all costs incurred by the State in canceling the Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any additional costs the State may incur to procure the services required by this Contract from other sources. All excess re-procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.

In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.
3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.
4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.



5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

II-FF NOTICE AND RIGHT TO CURE

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.

II-GG ELECTRONIC FUNDS TRANSFER

Electronic transfer of funds is available to State contractors. Vendors are encouraged to register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at www.cpexpress.state.mi.us.

II-HH MODIFICATION OF CONTRACT

Acquisition Services reserves the right to modify this contract at any time during the contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases. IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.

II-II UNFAIR LABOR PRACTICES

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to Section 2 of the Act. A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to Section 4 of 1980 Public Act 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.

II-JJ FORM, FUNCTION, AND UTILITY

If the Contract is for use of more than one State agency and if the good or service provided under this Contract do not meet the form, function, and utility required by a State agency, that agency may, subject to State purchasing policies, procure the good or service from another source.

**II-KK CONTRACT PAYMENT SCHEDULE**

The specific payment schedule for the Contract(s) will be mutually agreed upon by the State and the Contractor(s). The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements shall be forwarded to the designated representative by the 15th day of the following month.

II-LL PROHIBITED PRODUCTS

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Acquisition Services has approved a change.

II-MM RECYCLED CONTAINERS

Bidders are encouraged to offer products packaged in containers using recovered materials suitable for the intended use. 'Recovered material' is defined as post-consumer waste (any products generated by a business or consumer which have served their intended end use, and which have been separated or diverted from solid waste for the purpose of collection, recycling, and disposition) and 'secondary waste' (industrial by-products and wastes generated after completion of a manufacturing process that would normally not be reused).

II-NN RIGHT TO KNOW ACT (Act 80 of 1986)

The "Right to Know Act" is intended to provide protection and information to employees who encounter hazardous substances in the workplace. To comply with this act, it is necessary that you fulfill the following:

Labels on all incoming containers of hazardous chemicals must (1) clearly State the identity of the contents, (2) display appropriate hazard warning(s), (3) include first aid information, and (4) list the name and address of the chemical manufacturer, importer, or other responsible party.

Material Safety Data Sheets must be included with shipment of chemical or hazardous material to the receiving State agency. It is necessary to send this document only on the first shipment for each chemical formulation or hazardous material ordered by a specific agency except when there has been a change in the formulation of the specified chemical or hazardous material, in which case, a revised material safety data sheet shall accompany the first shipment of the changed formulation. It is the responsibility of the shipping vendor to maintain this record. The receiving agency will not accept first shipment unless the above is complied with. It is recommended that OSHA Material Safety Data Sheet No. 174 be used.

II-OO ASSIGNMENT OF ANTITRUST CAUSE OF ACTION

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the bidder hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.



NOTICE TO OFFICERS AND EMPLOYEES OF VENDORS, CONTRACTORS, SUBCONTRACTORS WHO PERFORM SERVICES FOR THE STATE OF MICHIGAN APRIL 2003

Authorized officers and employees who have been granted access to Michigan Department of Treasury tax return information are reminded that you may not access or disclose tax returns or tax return information without specific authority under the Department's contract with your company. Access to Treasury information, both paper and electronically based information, is allowed on a "need to know" basis to perform your contracted duties. Before you disclose returns or return information to other employees in your company, they must also have a "need to know" the information in order to perform contractual duties.

Do not access, research or change any account, file, record, or application not required to perform your official duties. You are forbidden to access your own account, or that of a spouse, friend, neighbor, relative, any account in which you have a personal or financial interest or the account of a celebrity or other public person unless specifically instructed to do so. If you are assigned to work on one of these accounts, contact your supervisor immediately. Otherwise, **ACCESS ONLY** those accounts required to accomplish your contracted duties.

If you prepare or are involved in the preparation of tax returns for someone other than yourself, this may constitute a conflict of interest. Access to Michigan or federal tax return information is not permitted. You must contact your supervisor immediately.

Do not E-MAIL or FAX taxpayer information.

If you have been given authorization to access a computer system or application, you must **PROTECT your password from disclosure. DO NOT reveal it or share it with ANYONE**, regardless of his or her position in or outside your company. Please make every reasonable effort to protect your password. If you suspect someone is using your password, change your password immediately and contact your usercode manager or supervisor to report a possible security violation. Promptly report all security incidents.

All tax returns and tax return information must be given the highest level of protection from unauthorized browsing or access. **Do not leave Michigan or federal tax return information unattended.** Place documents in a designated secured area during unattended periods.

Always sign off if you go to lunch, or break, or leave your terminal for any length of time. Retrieve any hard copy prints you make through a printer. If you have tax information that must be destroyed, never discard in a wastebasket. **Place confidential tax materials in waste containers designated for shredding confidential records** or in secured area until arrangements can be made to destroy such tax information.

Criminal and Civil Penalties

If you make an unauthorized access or disclosure of tax returns or tax return information, you may be subject to criminal and civil penalties under the Michigan Revenue Act and the Internal Revenue code (IRC). Penalties can include dismissal, fines, and imprisonment.

Michigan Penalties

The Michigan Revenue Act, (P.A. 122 of 1941, as amended) will impose a felony penalty up to \$5,000 and/or imprisonment for 5 years, if it finds that you have intentionally accessed or browsed Michigan tax returns and tax return information and/or disclose the contents of return information. Section 205.28(1)(f) was recently amended and provides that you may not willfully inspect (browse) any return or information contained in a return. Inspection (browsing) is defined as examining a return or return information acquired by a person or another person without authorization and without a need to know the information to perform their official duties.

Federal Penalties

The Internal Revenue Code (IRC), section 7213, will impose a felony penalty up to \$5,000 and/or imprisonment of not more than 5 years, plus prosecution costs, if it finds that you have willfully **disclosed** to another person federal tax return or tax return information. In addition to the above federal penalty, the IRC, section 7213A, will impose a fine up to \$1,000 and/or imprisonment up to one year, plus prosecution costs, for **inspecting browsing or looking at** federal tax return or tax return information. Further, you may be subject to civil damages for browsing or looking at federal returns and federal tax information. The IRC, section 7413, requires that notice must be given to an affected taxpayer if you are criminally charged under either of the above IRC sections. The injured taxpayer may bring civil action within 2 years against the United States and you. The penalty is \$1,000 or the actual damages incurred by the taxpayer.

We each have a responsibility to maintain public trust. Our effectiveness depends on our continued commitment to provide quality service to every contact we have with the public. If you have any questions, please contact the Disclosure Officer in the Office Hearings and Disclosure at 517.636.4105.

Chief Deputy Treasurer

Julie Croll

Signature of Employee _____

Date _____

After you read this reminder, please sign, date, make a copy for your records and return the original to your supervisor.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JAY B. RISING
STATE TREASURER

VERIFICATION OF COMPLIANCE

I, _____, confirm that every employee or contractual
(Print name)

Agent under my authority that handles Michigan or federal tax return information has read and

signed the annual confidentiality reminder notice. I am sending this acknowledgement and attaching a
list of the

employees who have signed this form to the attention of:

Elizabeth M. Chaney
Disclosure Officer
Michigan Department of Treasury
Office of Hearings and Disclosure
430 W. Allegan St.
Lansing, Michigan 48922

Contractors Representative Signature

Title

Company Name, Address, Phone, E-Mail

Date



AUDIT CHECKLIST
CONFIDENTIAL RECORDS DESTRUCTION PROGRAM

Statewide Contract #

Vendor:

Contract Administrator:

The following is a listing of criteria to be utilized in the auditing of the above referenced company to determine compliance with the statewide contract for the destruction of confidential records.

1. Verification of process to insure that confidential records or materials for the State of Michigan are destroyed within 24 hours of pickup of materials. Utilize a random sampling of pickup tickets.

Ticket No.	Date of Pickup	Date of Disposal	Days Held Before Disposal

Percent of Orders destroyed within 24 hours of pickup of material: _____

2. Verification of process that insures that confidential materials are rendered/alterd so as to negate reconstruction of the material or document. Utilize a random selection of material/paper to be destroyed. View destruction process. Inspect end product.

Condition of Destroyed Material _____

Reconstruction Potential _____



AUDIT CHECKLIST
CONFIDENTIAL RECORDS DESTRUCTION PROGRAM

3. Verification of process to insure that all vendor employees, associated with the State of Michigan Contract, have signed Confidentiality Agreements. Verify that the employees are bonded.

Employee	Agreement on File	Agreement Date	Bonded
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Percent of Employee Agreements on File _____

Percent of Employees Bonded _____

4. Verification of process to notify employees, associated with the State of Michigan Contract, of the penalties imposed for the improper disclosure of confidential records as defined in the US Privacy Act of 1974.

Process in place _____Yes _____No

5. Verification of physical security and handling processes in place at the vendor's facility, which insures the security and confidentiality of materials received for destruction. Inspect actual storage and handling areas.

All received materials are stored indoors _____Yes _____No

Storage and processing area restricted access _____Yes _____No

24 hour monitoring of restricted areas _____Yes _____No

6. Verification of up-to-date liability insurance to protect against claims, which may arise, out of or result from the contractor's operations under the terms of the contract.

Examination of Insurance Policy _____Yes _____No

Insurance Policy is Current _____Yes _____No



AUDIT CHECKLIST
CONFIDENTIAL RECORDS DESTRUCTION PROGRAM

7. Verification of security processes in place on the vendor's vehicles utilized to pickup and transport State of Michigan confidential materials. Inspect actual vehicles utilized to transport State of Michigan confidential materials.

All vehicles equipped with cellular phones _____ Yes _____ No
All drivers are bonded _____ Yes _____ No
All drivers wear uniforms and badges _____ Yes _____ No
All vehicles equipped with locking mechanisms _____ Yes _____ No

8. Verification of processes utilized to insure accurate billing of state agencies for the destruction of confidential materials. Inspect documentation processes. Inspect weight scales.

Are weight scales government certified annually _____ Yes _____ No
Pick tickets filled out accurately _____ Yes _____ No
Division of responsibility in the billing process _____ Yes _____ No
Double check standards in place _____ Yes _____ No

9. Verification of procedures to insure proper scheduling so that confidential materials are picked up within 48-hour notification by the requesting agency.
Inspect pick tickets to note dates.

Percentage of pick tickets inspected that comply with 48-hour notice _____

Verified By: _____ Date: _____

Verified By: _____ Date: _____



Michigan Zone Map for pricing Confidential Destruct Program